

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT**

**NASHVILLE, TENNESSEE**

**November 24, 2004**

**IN RE:**

**PETITION OF GORES PORTFOLIO HOLDINGS, INC.  
AND GLOBAL TEL\*LINK CORPORATION FOR  
AUTHORITY TO TRANSFER CONTROL OF AN  
AUTHORIZED TELECOMMUNICATIONS CARRIER**

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**DOCKET NO.  
04-00241**

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**ORDER APPROVING TRANSFER OF CONTROL**

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This matter came before Chairman Pat Miller, Director Deborah Taylor Tate and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on September 13, 2004 for consideration of the *Petition* of Gores Portfolio Holdings, Inc. ("Gores") and Global Tel\*Link Corporation ("Global") (together "the Petitioners") for TRA approval of a transfer of authority to provide telecommunications services in Tennessee.

**Background**

Global is a Delaware corporation and is privately owned by Schlumberger Technologies, Inc. ("Schlumberger"), which also is privately owned. By orders dated June 9, 1994 and April 26, 1996 in TRA Docket Nos. 94-01256 and 95-03925, respectively ("CCNs"), the TRA granted Global authority to provide operator services, resold interexchange telecommunications services and Customer Owned Coin Operated Telephone ("COCOT") service in Tennessee.

Gores is a private investment fund wholly owned by three Delaware limited partnerships that comprise the private equity fund managed by Gores Technology Group, LLC ("Gores

Group”). Gores Group, through its affiliates, owns a controlling interest in Voicecom Telecommunications, LLC, a telecommunications services provider operating in more than 224 major metropolitan areas nationwide. Gores itself is not certificated in any state, and no Gores affiliate currently provides inmate-only services.

### **The Petition**

On August 9, 2004, Petitioners filed the *Petition* requesting that the TRA authorize a transfer of control of Global. Gores and Schlumberger have entered into a stock purchase agreement under which Gores will purchase 100 percent of the stock of Global. As a result, Global will become a direct, wholly owned subsidiary of Gores. Global will continue to be the actual provider of services in Tennessee and direct holder of the CCNs. The Petitioners are seeking TRA approval because the transaction will result in a *pro forma* transfer of the CCNs.

The *Petition* states that the change will be entirely transparent to consumers of Global’s services. According to the Petitioners, the transfer will not have any adverse effect on the assets Global uses to provide services or on Global’s day-to-day operations. Likewise, they anticipate no change in Global’s rates, terms, or conditions of service as a result of the transfer.

Petitioners anticipate that Global’s business operations will improve after the transfer. Although the Petitioners expect Global’s existing management to continue ongoing operations, Global will have access to Gores’ well-qualified financial managers and other significant resources. Gores has substantial management experience working with regulated telecommunications companies, including Voicecom. Global also will gain access to Gores’ extensive financial resources. As a result, the proposed transfer is expected to enhance Global’s ability to provide high-quality telecommunications services in Tennessee.

## **Statutory Framework**

The Petitioners submitted their *Petition* pursuant to Tenn. Code Ann. § 65-4-112 and the rules of the Tennessee Regulatory Authority. Tenn. Code Ann. § 65-4-112(a) governs TRA approval of mergers or consolidations between two or more public utilities holding certificates of public convenience and necessity (“CCN”) in the State of Tennessee. It provides as follows:

No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights, and franchises of any other such public utility of like character shall be valid until approved by the [A]uthority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state.

The provision is not applicable here. The *pro forma* transfer of Global’s CCNs from Schlumberger to Gores does not involve the lease, merger, or consolidation of property, rights, or franchises between two Tennessee public utilities.

Instead, the transfer at issue in this docket is governed by Tenn. Code Ann. § 65-4-113. That provision requires a public utility to obtain TRA approval to transfer its CCN. Tenn. Code Ann. § 65-4-113(a) reads as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

**September 13, 2004 Authority Conference**

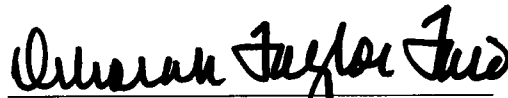
At the September 13, 2004 Authority Conference, the panel noted the applicability of Tenn. Code Ann. § 65-4-113 and voted unanimously to approve the Petition pursuant to a finding of compliance with the requirements of Tenn. Code Ann. § 65-4-113.

**IT IS THEREFORE ORDERED THAT:**

1. The *Petition* of the Petitioners is approved.
2. The proposed *pro forma* transfer of Global's CCNs as described in the *Petition* and discussed herein is approved.



Pat Miller, Chairman



Deborah Taylor Tate, Director



Sara Kyle, Director